

April 1, 1999

Advancing to the Rear

No Absolution for Clinton Appointees Who Killed Medicare Reform

After more than a year's work, the National Bipartisan Commission on the Future of Medicare closed shop — unable to reach a decision on how to reform the financially failing Medicare program that provides health care to America's seniors.

It is not as though they were not close to agreement — the 17-member commission came within one vote of the 11 votes needed to reach their mandated supermajority.

It is not as though the commission was unable to devise a plan — consensus was reached some time ago to support the Breaux plan that would have maximized patient choice via a government premium support payment for use with approved private plans.

And it is not as though the commission did not work in a bipartisan fashion — both Senate Democrats on the commission joined with all eight Republicans to support the Breaux plan.

What did happen is that all the Clinton appointees united to oppose the Breaux plan and thus deadlocked the commission.

Looking for Absolution in all the Wrong Places

After a year's work, Medicare is no closer to reform. Not surprisingly, the Clinton appointees are searching to justify their role in preventing bipartisan Medicare reform. On March 29, the *Washington Post* printed the appointees' first attempt to absolve both themselves and their appointer from blame. Their attempt at self-absolution is as big a failure as the one they foisted on to the commission itself.

Written by Stuart Altman and Laura D'Andrea Tyson, two of President Clinton's appointees to the National Bipartisan Commission on the Future of Medicare, the article's stated purpose is to explain "our decision" to withhold support from a plan that "ended one vote short of the supermajority required to send a formal recommendation to the president and Congress."

The authors' attempt to exculpate themselves is as self-contradictory as it is self-righteous. It does not clarify, and it is nothing short of redefining retreat as advancing to the rear.

"Ducking the Question"? — Hardly

Altman and Tyson admit what anyone who has even cursorily examined Medicare knows: "Central to the concerns of the commission are Medicare's future financing needs . . . the bottom line is inescapable: Medicare confronts a future financing challenge." They then claim that "we could not support the commission's plan because it ducked this central question."

The authors' assertion might seem plausible if the plan they rejected had not improved Medicare's financial condition by an estimated \$100 billion over 10 years, according to the nonpartisan Congressional Budget Office (CBO). Altman and Tyson implicitly concede that improved Medicare finances were estimated, but dismiss this as "overly optimistic assumptions." In support of their assertion, they offer no evidence or contradicting estimate.

Along with their unsupported initial excuse, Altman and Tyson make two more main ones. First, that the commission's plan did not include a "meaningful prescription drug benefit." Second, that "the commission did not focus on Medicare's future financing . . . or the proposal put forth by President Clinton to dedicate 15 percent of projected surpluses . . . to Medicare over the next 15 years." These excuses are equally translucent.

The Prescription Drug Benefit Excuse

Never mind that Altman and Tyson's use of prescription drugs as an excuse for opposition runs directly counter to their earlier concern about Medicare's "future financing challenge." Democratic Senator Bob Kerrey of Nebraska, himself a member of the commission, further refutes Altman and Tyson's assertion that this was reason to reject the plan. *Congress Daily* on March 25 quoted Senator Kerrey saying that the prescription drug benefit would have been "easy to resolve;" that there was support for it: "the Republicans wanted to do it;" and that the commission budgeted for it: "we had provided \$60 billion."

Clinton's Use-the-Surplus Canard

As for President Clinton's proposal "to dedicate 15 percent of projected surpluses" to Medicare, the commission was on strong ground in rejecting this canard. In testimony to the Senate Finance Committee on March 18, Comptroller General David Walker of the independent General Accounting Office (GAO) dismissed the President's claimed surplus transfer. Walker said of the Clinton transfer claim: "It provides a grant . . . of a new set of Treasury securities for the Medicare Hospital Insurance (HI) program . . . It has no effect on the current and projected cash flow deficits that have faced the [Medicare] program since 1992."

Nor does the claimed Clinton surplus transfer involve real money according to CBO

Director, Dan Crippen. In a March 11 letter to Senate Budget Committee Chairman Domenici, Crippen wrote: "Because such a transfer is intergovernmental and is made to an on-budget trust fund, it would affect neither the total nor the on-budget surplus." In other words, no trace of the illusory \$700 billion transfer appears on the bottom line of the government's books. In any case, even if Clinton had used real money, the Medicare trust fund — which holds no real money and operates on a pay-as-you-go system — could not have used it to pay future shortfalls.

And More Inconsistencies

Altman and Tyson close with two more inconsistencies. They write, "we have long supported the idea of market competition to encourage efficiency in health care, so we are sympathetic to the premium-support approach." Yet, when it was offered by the commission they cast the deciding votes against it. They then conclude: "the Commission's failure to reach a supermajority should not be used as an excuse for inaction" by the Congress or the President. Yet "inaction" is precisely what they relegated the commission to by withholding their votes!

This is Their Excuse?

Let's summarize again Altman and Tyson's complaints and actions.

- 1) Their concern over Medicare's "future financing challenge" led them to reject a plan that would have saved Medicare \$100 billion over 10 years and would have increased its solvency by "four or five years."
- 2) They wanted the expensive additional benefit of prescription drugs included — despite the fact that it increased Medicare's "future financing challenge" — and they rejected the plan despite the fact that fellow Democrat and commission member, Senator Kerrey, said the issue would have been "easy to resolve."
- 3) They supported Clinton's claimed transfer of 15 percent of the budget surplus to Medicare — yet nonpartisan estimators, CBO and GAO, rejected the proposal as being meaningless and unworkable.

Altman and Tyson's attempt to excuse their conduct — and tacitly that of the Administration that appointed them — of withholding support and thereby killing the Bipartisan Medicare Commission plan is a transparent travesty that tortures the facts as much as it does logic itself. Even if all their refutable assertions were accepted, they are essentially saying no more than that it is their belief that no loaf is preferable to half a loaf. No one outside the White House could or should be convinced by such an argument.

Staff Contact: Dr. J.T. Young, 224-2946